

COMMUNITY PHILANTHROPY FOR THE FUTURE

Recipes for success

Lucy Bernholz Strong communities are as important today as ever, but their nature and the way they are bound together is changing. People identify in many ways, by race, gender, place, family structure, nationality, religion, and areas of interest. They emphasize some elements of their identity more than others at various times in their lives, and want meaningful connections to all relevant communities. And they can now have that multiplicity of connections. As communities have changed dramatically, community philanthropy will also. How will it look? This was the question to be addressed by a project I have been working on for the last year.¹ One thing our research suggests is that community philanthropy should focus more on forming creative partnerships than on building proprietary operational mechanisms. What it must retain, however, is its core strength: a long-term understanding of the community and a relentless commitment to its goals.



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The project aims to identify core elements of the future of community philanthropy. With this end, my project partners and I have talked to more than 300 community philanthropy leaders, mostly from the US but also from New Zealand, the Philippines, Russia, Mexico, Australia, the UK, Germany, South Africa and Ireland. We have reviewed secondary literature on trends, presented at conferences in the US, Canada and Europe, and made our work available online as a way of inviting constant input and feedback.²

This is what we know for sure about community philanthropy as a result: its greatest asset as a field is its diversity. Much of the most innovative work is happening in places where institutional philanthropy allows age-old cultural traditions to move in new ways, either because of political and economic changes or through the use of technology. The newest, smallest community philanthropy organizations pursue opportunities with more competition and scrutiny than previous generations of institutions. There are more, faster, and further-reaching ways of organizing communities that amplify age-old traditions of mutual assistance or family networks that link villages to far-flung emigrants.

Shared back office

Drop into this present picture and imagine you have the following goal: to match assets with assets, community activists with financial resources, to achieve significant community improvement. Look around – what is already in place to make this happen? What

doesn't exist that needs to be created? In most communities around the globe you would find some established form of community philanthropy – community foundations, family associations, neighbourhood groups, United Ways, Rotary Clubs, Hispanic funds, citizens advisory boards, and so on.

If you had been dropped into a place with several community foundations (Canada, the Czech Republic or California, for example), there will be the opportunity to reallocate resources so that more effort is spent on community change and less on operating a number of organizations. If you had to keep costs the same, but could reallocate people and effort in any way you wanted, it would make sense to pool all the funds and manage them through one administrative infrastructure. Then people could be reassigned by area of expertise. They could work in time-limited teams with community leaders and focus on generating longer-term regional solutions. Once change was under way, the teams might move on. Committees of community members would oversee ways of reinvesting the pooled money through loans or development investments. Some staff would still be needed to attract new resources but they could work in different ways (by issue area or in teams with programme experts) since the costs of running one shared system would be less.

New front office

Community funds are beginning to share administrative back office functions and to create national marketing efforts. Time now to imagine a new front office. Independent community entities might give way to working groups of community problem solvers and community mutual fund boards that give community members control over asset investment choices. Consolidation will occur and, in the best cases, this will lead to creative ways of using community expertise and resources to achieve common goals.

There are other possibilities too. The ingredients that can be used to pool resources for community improvement are similar across the globe, but the results will be unique to the place, culture and times. How you mix and match pieces will depend on where you are and what you want to do. Our research and analysis have led me to believe there are a number of common core ingredients. These include:

- ▶ a commitment to the community as the primary purpose;
- ▶ means of finding and applying community expertise to community problems;

- ▶ legitimate accountability mechanisms to the community of interest;
- ▶ access to allies for leverage, new ideas and quality control;
- ▶ ways to expand the financial resources available for community problem solving.

New forms

Some examples from our research illustrate the many ways community philanthropy is being adapted.

- ▶ In former communist countries, the right mix seems to be close – but independent – relationships with local public sector leaders and a focus on helping emerging corporations contribute to both social and economic growth.
- ▶ In New Zealand, for example, the J R McKenzie Trust works with local Rotary Clubs to provide deep community expertise on a broad scale. The Rotarians provide community information and expertise to the national organization. The national foundation connects the groups across communities, and both levels work to attract additional funds to their shared efforts.
- ▶ In rural towns in central parts of the US, where young people are leaving and agricultural wealth has consolidated in distant multinational corporations, small landholders are working with emigrant generations to foster economic development and educational opportunities.
- ▶ The Women's Funding Network organizes community-based funds of individuals and foundations with a commitment to gender equity. The creativity of each community is captured, added to and reapplied across the network. Investments in evaluation frameworks, benchmarks, financial tools, etc are made at the central level and shared across the network.
- ▶ Across Canada, the power of individual community foundations is magnified by a common commitment to social justice that frames local initiatives and elevates their results to a national scale.³

These examples show the variation in form that can arise from the same elements. As part of our research we are also looking for new concepts and approaches to community philanthropy as well as pushing leaders to think of ways they might remake their organizations to better accomplish their missions.

New partnerships

Recent developments such as Brazil's Social Investment Exchange⁴ or the creation of accountability

structures such as the international project Keystone (formerly ACCESS) are efforts that could have emerged from within community philanthropy, but didn't. Community philanthropy needs to focus on what it does best and work within the larger marketplace. Until it does, it will miss the chance to nurture innovation or partner with new ideas because it will be distracted by trying to defeat them. Communities need leadership, financial resources and learning opportunities. They also need banks, businesses, volunteers, allies, new ideas, and communication tools. Community philanthropy can't provide all these resources, but it can help by bringing out the best of them.

There are some key lessons to be learned from the US experience with commercial gift funds. Community philanthropy often aims to strike a balance between serving communities and serving donors. The competition for serving donors has exploded. Many of the competitors are vendors, like Fidelity and other commercial gift funds, whose core expertise is developing and selling financial services. The community philanthropy field has bent over backwards to compete with the gift funds in the financial services arena, and not surprisingly has found itself losing a perennial game of catch-up. Instead, they should be playing to their strength in serving communities. Instead of competing with the commercial sector, they should try to capitalize through partnership. In terms of financial innovation, technological prowess and marketing, community philanthropy should be hitchhiking along on the commercial sector's strength and applying those resources to their goals.

Independent governance and financial assets – two key resources

Two key resources of community philanthropy organizations, independent governance and financial assets, are characteristics that derive from the earliest generations of mutual assistance organizations or community funds. However, in a networked age where few communities operate in isolation and partnerships are almost always required for success, the role of these resources is changing.

First, community philanthropy organizations must have independent and accountable governance structures that maintain a long-term focus on benefiting their community. This is their most significant asset, for it differentiates them from those that serve multiple purposes or bottom lines and ensures that, while tactics and strategies will change over time, the

purpose stays the same. Second, community philanthropy organizations need a base of financial assets dedicated to that community that embodies the organization's perpetual commitment. These assets will never be adequate to need, the organization will always need partners, and success will come not from growing financial resources but from the organization's role as focused, long-term advocate on behalf of the community. Such assets do constitute a proof of permanence, however, just as that which is sustained by the long-term base of very small gifts from hundreds of thousands of individuals in Pondong Batangas in the Philippines. Endowments are an expression of permanence, and not themselves the measure of success.

New arrangements

Here are several examples of new arrangements of community leadership, financial assets, and long-term change.

Local participation, global impact

Rotary International has put more than \$500 million into polio eradication and its 20 years of action have helped slash polio cases by 99 per cent. Its single focus is actually the aggregated result of more than 1 million individual members organized through clubs in countries around the globe. They share information, resources and expertise through a common brand, open doors to members anywhere in the world, and share infrastructure. Local clubs decide on their own fundraising activities. Participants are local, decisions are local, the philanthropy is local, and the impact is global.

Coming together to shape policy

Community philanthropy organizations have many policy roles. One value of working together is the ability to be many people speaking with one voice. Some philanthropic organizations bring together those with differing opinions and let them come up with ways to take small steps together. Others are specifically focused on providing a forum for disenfranchised voices, such as the dozens of neighbourhood or youth advisory boards that sit alongside foundation boards of directors. Some community philanthropy organizations are using the power of their purse (large or small) to shape policy. Community foundations in rural Minnesota, USA, for example, hold their assets in community banks where they can be directly reinvested in local small business loans and other economic development efforts.

A direct line to the outside

As a result of years of experience, some community philanthropy organizations are vast repositories of local knowledge. Needs assessments, broad community input sessions, volunteer advisory boards, access to local media, committed local leadership, and a permanent focus result in broad and deep community knowledge. The Community Foundation for the National Capital Region in Washington DC, for example, spotlights grassroots groups to external funders through an online portal, TouchDC. Hispanics in Philanthropy and Asian American Pacific Islanders in Philanthropy have each used research on their communities to attract more philanthropic resources.

Tensile networks

The Omidyar Network is dedicated to expanding social engagement, and by its very nature it puts an important new spin on the meaning of community philanthropy. Funded by a private foundation, the loose network of independent companies and organizations includes some focused on social metrics, some dedicated to building software for collaboration, others that are launching new financial products, and yet others that are training a next generation of leaders. The Network represents community at two levels – the individual people and groups all over the world who use these new tools to organize, give and act, and the community of organizations and 'tool builders' themselves. No single entity can provide everything a community needs; rather each organization in the Network does one thing extremely well and together they provide the complete suite of tools. The Network as a whole brings the pieces together in ways that expand each organization's reach without distracting them from improving their own work.

Today's community philanthropy does not require organizational heft. It need not rely on ownership of financial assets where partnership is possible and it doesn't require the building of proprietary operational mechanisms where these already exist. Instead, it has at its disposal new and effective means of linking organizations, making administrative economies of scale, generating resources through partnerships. What it must continue to do, however, is to exploit its main strength: a knowledge of and commitment to the community it serves. Our research shines light on the many ways community philanthropy is changing and where its greatest opportunities lie in the near future. How will it look in your community? @

¹ The Futures of Community Philanthropy project is managed by Lucy Bernholz of Blueprint Research & Design, Inc and Katherine Fulton of the Monitor Institute. Team members include Amita Govindaswamy and Gabriel Kasper of Monitor and Tina Joh of Blueprint. It is supported by the Charles Stewart Mott Foundation and the Ford Foundation. This article was written by Lucy Bernholz on behalf of the project. The research project is ongoing and information is available at <http://philanthropy.blogspot.com/futures/cpindex.html>

² The first 'products' from the project are intended to be most applicable to US community foundations. These are likely to be a briefing paper and packet for community foundation boards, toolkits for board and staff strategy, and an iterated list of key issues and trends for the field. We will also make recommendations to the Community Foundation Leadership Team, part of the Council on Foundations, and other field-level organizations.

³ See www.community-fdn.ca

⁴ See the March 2005 issue of *Alliance*, p40.